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Commodity Loan
Regulations No. 1

UNITED STATES DEPARTMENT OF AGRICULTURE
AGRICULTURAL ADJUSTMENT ADMINISTRATION
WASHINGTON, D. C.

REGULATIONS GOVERNING INSPECTION AND SEALING OF AGRICULTURAL
COMMODITIES ON THE FARM TO BE USED AS COLLATERAL FOR LOANS,
AND THE COMPLETION OF LOAN DOCUMENTS, PURSUANT TO THE PROVI-
SIONS OF THE AGRICULTURAL ADJUSTMENT ACT OF 1938 AS AMENDED.

UNITED STATES DEPARTMENT OF AGRICULTURE,
OFFICE OF THE SECRETARY.

By virtue of the authority vested in the Secretary of
Agriculture by the Agricultural Adjustment Act of 1938, approved
February 16, 1938, as amended, I, H. A. Wallace, Secretary of
Agriculture, do make, prescribe, publish, and give public notice
of the following rules and regulations, to be in force and effect
until amended or superseded by rules and regulations hereafter
made by the Secretary of Agriculture under said Act.

In Testimony Whereof, I have hereunto set my
hand and caused the official seal of the
Department of Agriculture to be affixed in
the city of Washington, District of Columbia,
this 20th day of July 1938.

(SEAL)

H A Wallace

Secretary of Agriculture

ARTICLE I. ADMINISTRATION.

SEC. 100. NATIONAL SUPERVISION. The Agricultural Adjustment Administration, United States Department of Agriculture, shall cooperate with the Commodity Credit Corporation in administering loan programs pursuant to the provisions of Section 302 of the Agricultural Adjustment Act of 1938, as amended.

SEC. 101. REGIONAL SUPERVISION. Representatives of the various divisions of the Agricultural Adjustment Administration administering the agricultural conservation program and the Agricultural Adjustment Act of 1938, as amended, shall confer with and instruct State agricultural conservation committees regarding the organization and supervision of the work of inspecting storage structures and the grain therein, the sealing of such structures, and the certification of loan agreements.

SEC. 102. STATE COMMITTEE. Each State committee shall, in accordance with instructions issued by the Agricultural Adjustment Administration, be responsible for the administration of the work of inspecting storage structures, the commodity, and the sealing of the storage structure, and shall provide adequate assistance to county committees through its field supervisors. Each State committee shall keep such records as shall be required by the Agricultural Adjustment Administration, and shall provide for testing and grading samples of agricultural commodities which are offered as collateral for loans, using the standards of quality and condition for grain, fixed and established by the Secretary under the United States Grain Standards Act, approved August 11, 1916, with such deviations or modifications thereof as the Secretary may deem necessary.

SEC. 103. COUNTY COMMITTEE. Each county committee shall be responsible for the administration of the work of county inspectors. The county committee shall determine the producer's eligibility for a loan in accordance with the regulations and instructions issued or to be issued relative thereto; and shall represent the Agricultural Adjustment Administration in the preparation of all loan documents, and shall certify approval of each loan. The county committee shall keep such records and make such reports as may be required by the Agricultural Adjustment Administration with reference to loans on agricultural commodities.

SEC. 104. TREASURER. The treasurer of each county agricultural conservation association or his designate in counties where the treasurer is not a full time employee in the association office, shall collect the fees, as provided in these regulations, and the treasurer shall deposit such fees in the association treasury to be disbursed as the county committee may direct. Such funds shall be audited in the same manner as all other funds of the association.

ARTICLE II. INSPECTION AND SEALING

SEC. 200. INSPECTORS. (a) Inspectors shall be appointed by the county committee for a term not exceeding one calendar year after date of appointment subject to the approval of the State committee. Persons appointed as inspectors shall be members of the county agricultural conservation association unless specifically exempted by the State committee. The State committee or regional director shall have authority to terminate the appointment of any inspector upon recommendation of the county committee or upon written evidence that such inspector has not faithfully discharged his duties.

(b) The county committee shall establish the rate of pay per diem, and mileage, for inspectors, subject to the approval of the State committee. In no case shall the rate of pay per diem, or mileage, for inspectors be in excess of such rates for the county committeeman of the county in which he is an inspector (except in those States where county committeemen receive no mileage). Inspectors shall, under supervision of the county committee, inspect the commodity and the storage structure, select a representative sample of the stored commodity to be forwarded, as directed by the State committee, for testing and grading. Inspectors shall make periodic reinspection of storage structures and commodities stored therein, as required by the county committee.

SEC. 201. ADMINISTRATIVE INSTRUCTIONS. County committeeman and inspectors shall be instructed with reference to the inspection of storage structures, the commodity to be stored, the taking of samples, and the preparation of documents. Schools of instruction shall be conducted by the State committee and field supervisors. In the cases of wheat and corn, all storage structures shall meet the requirements specified in the applicable C.C.C. wheat and corn forms.

SEC. 202. RIGHT TO ENTER PREMISES. Upon application by an owner for a loan, any inspector, county committeeman, or any other person duly authorized by the State committee, shall have authority at all times to enter upon any premises for the purposes of inspecting or reinspecting storage structures and the commodity in storage therein and the sealing or resealing of such structures.

SEC. 203. FEE FOR INSPECTING AND SEALING STORAGE STRUCTURES AND COMMODITIES ON THE FARM. Each applicant for a loan shall pay to the treasurer of the county agricultural conservation association or to his designate, as provided in these regulations, prior to inspection, a minimum fee of \$3.00 which shall apply to only one farm and shall be forfeited by the applicant if the loan is not completed. Upon completion of the loan documents, the applicant shall pay to the treasurer or his designate, a sealing fee established by the county committee and approved by the State committee, less the advance payment referred to herein. In no case shall the sealing fee be less than \$3.00. The maximum sealing fee for wheat shall be two cents per bushel; and for corn shall be one cent per bushel. A total maximum fee per farm may be established by

the county committee subject to the approval of the State committee.

SEC. 204. FEE FOR CERTIFICATION OF LOAN DOCUMENTS PERTAINING TO WHEAT STORED IN WAREHOUSES. In the event that wheat eligible for a loan under the provisions of the Act is stored in a warehouse approved by the Commodity Credit Corporation, the owner of such wheat shall pay to the treasurer of the county agricultural conservation association or to his designate, as provided in these regulations, a minimum fee of \$1.50 prior to the completion of the loan documents.

SEC. 205. SEAL. Upon the approval of a storage structure and the commodity stored therein as acceptable collateral for a loan under the Act, the inspector shall attach a seal containing the following legend to such structure.

EVER-NORMAL GRANARY

Sealed Under Authority of the Agricultural
Adjustment Act of 1938, as Amended

THE UNITED STATES DEPARTMENT OF AGRICULTURE CERTIFIES
THAT THIS STORAGE STRUCTURE FOR GRAIN HAS BEEN OFFICIALLY
INSPECTED AND IS HEREBY SEALED PURSUANT TO THE PROVISIONS
OF THE AGRICULTURAL ADJUSTMENT ACT OF 1938, AS AMENDED.
ANY PERSON TAMPERING WITH THIS SEAL, AS AFFIXED BY THE
OFFICIAL INSPECTOR, OR BREAKING OR ENTERING THIS STRUCTURE,
OR WHO IN ANY MANNER INTERFERES WITH THE GRAIN STORED HERE-
IN, UNLESS AUTHORIZED TO DO SO, SHALL BE SUBJECT TO THE
PROVISIONS OF THE UNITED STATES CRIMINAL CODE.

Secretary of Agriculture
of the United States.

(Dept. Seal)

Seal Number _____

SEC. 206. UNLAWFUL BREAKING OF SEALS, LOCKS OR OTHER FASTENINGS. Any person unlawfully entering or breaking into any storage structure sealed under the provisions of these regulations, except when such entering or breaking shall be imperative to prevent damage, loss, or destruction of the commodity stored therein, shall be subject to the provisions of the United States Criminal Code. The seal or any lock or fastening which may be required by the State Committee, shall be affixed by the inspector in such manner that any breaking thereof shall constitute unlawful entry or breaking into the storage structure. Nothing contained herein shall be construed to prohibit or make unlawful the breaking of such seal or the entry by the owner for the purpose of ascertaining whether the stored commodity is damaged, impaired, or destroyed, or in danger of being damaged, impaired, or destroyed.

SEC. 207. DUTY OF OWNER. Nothing in these regulations shall, in any manner, be interpreted or construed to relieve the owner of the commodity from exercising that degree of care in the safekeeping of the commodity in storage which a reasonable and prudent man would exercise with regard to similar property of his own. In the event that the seal has been tampered with, or the storage structure entered or broken into, or any of the commodity removed, impaired, damaged, lost, or destroyed, or in danger of being impaired, lost, damaged, or destroyed, the owner shall at once notify the county committee.

SEC. 208. FRAUDULENT CERTIFICATION. Any owner, agent, or servant of an owner, inspector, member, or employee of the county agricultural conservation committee, who fraudulently makes or aids in fraudulently making a false certification for any commodity, knowing that it contains any false statement, shall be subject to the provisions of the United States Criminal Code.

ARTICLE III. APPEALS

SEC. 300. RIGHT TO APPEAL. Any owner aggrieved by any ruling or decision of the county committee may appeal in writing, within 15 days, to the State committee. The State committee shall render its decision within 30 days of the receipt of the appeal, and its decision shall be final.

SEC. 301. PROCEDURE IN CASE OF APPEALS. If any owner shall feel aggrieved by any action of the county committee, he may submit his appeal in writing to the State committee within 15 days after such action and no appeal shall be entertained thereafter. The State committee shall, as soon after the receipt of the appeal as possible, cause an investigation to be made at such place as shall be desirable and proper, having regard to the character of the controversy and the locality of the stored commodity and residence of the parties involved.

ARTICLE IV. DEFINITIONS

SEC. 400. As used in these regulations:

- (a) The term "Act" means the Agricultural Adjustment Act of 1938, as amended.
- (b) The term "Secretary" means the Secretary of Agriculture of the United States.
- (c) The term "State committee" means the group of persons designated within any State to participate in the administration of the agricultural conservation program and the Act.
- (d) The term "county committee" means the group of persons elected within any county to participate in the administration of the agricultural conservation program in such county.
- (e) The term "inspector" means the person appointed by the county committee and approved by the State committee to inspect the storage structures and commodities therein, and to seal such storage structures.
- (f) The term "commodity" means any agricultural commodity which, when properly stored on the farm, is acceptable as collateral for loans under the Act.
- (g) The term "structure" means any crib, bin, granary, and any other building or structure in which any agricultural commodity eligible for loans under the Act is stored.
- (h) The term "owner" means any person or persons, severally or jointly (whether individuals, copartnerships, or corporations), who shall either personally or as trustee have title to or the right to possession of any stored commodity under these regulations.
- (i) The term "farm" means "farm" as defined in Section XVIII of the 1938 Agricultural Conservation Bulletin, as amended April 16, 1938 (ACP-1938...9 p 32) issued by the Secretary, or as thereafter amended or defined under subsequent Agricultural Conservation Programs.

ARTICLE V. CONSTRUCTION

SEC. 500. Nothing contained in these regulations shall be construed to be in derogation or modification of the right of the Secretary or of the United States to exercise any jurisdiction or power granted by the Act, or otherwise.